



Students choosing to excel; realizing their strengths.

To: Board of Education
From: Carmen O'Brien
cc: Dr. Melanie Oppor
Date: February 13, 2019
Re: Fund 46 – Plan for Investment

Purpose

The purpose of this memo is to propose a plan for budgeting for Fund 46 so that the District will be financially prepared to utilize these funds for future capital improvement projects.

Rationale

Fund 46 was established by the State of Wisconsin so that school districts could save for long term capital improvements without a reduction in their state funding. Funds may only be used after five years and only for are items on the capital projects plan.

The SDM established a Fund 46 by Board resolution on September 12, 2017. The capital projects list is maintained by the District Administrator. A savings account was set up and \$200 was deposited. To date, no additional funds have been placed in Fund 46 and only a minimal amount of interest has accumulated.

To prepare the SDM for future projects, it is imperative that the District begins a savings plan. Through the 2018 referendum, roofs will be replaced at the cost in excess of \$1 million each. If a ballasted roof lasts 20 years, we will need at least \$1 million dollars in 20 years to replace one roof. This means that the District should begin to save \$50,000 each year for the next 20 years. Using this example, I propose that the District goal is to place \$50,000 as an expense line-item for each budget year indefinitely. Though this is not enough to cover all items in the capital project plan, it does allow the District to invest these funds to earn a higher rate of interest and to be able to plan larger maintenance projects proactively.

Procedure

Each year, the District receives refunds due to things such as energy efficiency rebates, administrator credit card incentives, refunds for worker's compensation rate decreases, etc. This amount is difficult to budget for because one does not know exactly how much will be received. The following table represents the past 10 years of money collected. The average dollar amount calculates to \$38,628.97.

Year	Amount Received
2009-10	\$47,768.10
2010-11	\$26,613.63
2011-12	\$31,319.78
2012-13	\$19,367.80
2013-14	\$6,721.83
2014-15	\$34,751.91
2015-16	\$81,890.66
2016-17	\$64,360.03
2017-18	\$23,342.17
2018-19 (to date)	\$50,153.76

For the 2019-20 school year, I plan to budget an additional \$25,000 contingency into grounds services (i.e. snow plowing, lawn maintenance, garbage disposal, etc.). Also, I will reduce the expected revenues to the “Refund” Account to \$0. In June 2020, I then would transfer any money in both accounts to Fund 46. I will provide the Board of Education with a report in December and June detailing the status of Fund 46.